

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L CARACAS 002564

SIPDIS

NSC FOR TSHANNON AND CBARTON
ENERGY FOR DPUMPHREY AND ALOCKWOOD

E.O. 12958: DECL: 08/08/2014

TAGS: [ENRG](#) [PGOV](#) [VE](#)

SUBJECT: CHAVEZ CHARMING THE OIL SECTOR

Classified By: Economic Counselor Richard Sanders; for reasons 1.4 (b) and (d)

SUMMARY

11. (C) An August 6 ceremony to mark the opening of drilling by ChevronTexaco in the off-shore Deltana Platform natural gas project provided President Chavez with an opportunity to posture for the nation and to send a message to the United States. Chavez publicly tasked Ali Moshiri, ChevronTexaco Vice President for Latin America Upstream, to take the message to the people and government of the U.S. that "although they do not understand us well, we are your friends." The ceremony, broadcast by presidential order on all/all television and radio stations, capped a round of meetings between Chavez and the business sector, including the oil sector. Chavez also announced that the GOV would soon open a bid round on additional off-shore exploration blocks. While ExxonMobil has resisted pressure to sign a project document in a similar public ceremony (see septel), the GOV has succeeded in using the energy sector to create a sense of momentum in the run up to August 15. However, Chavez's message of friendship for the U.S. subsequently slipped when, in front of a gathering of the faithful, he once again returned to the theme of cutting off oil sales to the U.S. in the face of supposed U.S. aggression. End Summary.

THE CEREMONY

12. (U) On August 6, econoff attended a ceremony at Miraflores Palace marking the launch of the first exploratory well in the off-shore Deltana Platform natural gas project (see septel for details about the project). The ceremony, carried by presidential mandate on all/all of the country's radio and television stations, featured Chavez talking by satellite hookup to Vice Minister of Hydrocarbons Luis Vierma and Venezuelan members of the drilling crew on the drill platform. In their remarks both Chavez and Vice Minister Vierma emphasized that the administration is not "giving away" Venezuela's natural resources (a charge this government has frequently lodged against the governments of the 1990's that sponsored projects mounted by international oil companies) and underlined the employment benefits that will flow from the new gas project as well as other social development projects underway in Sucre and Delta Amacuro states.

13. (U) In addition to hailing the launch of drilling in Block 2 of the Deltana Platform, Chavez formally awarded the exploration license for Block 3 to ChevronTexaco. He also announced that the GOV would soon open a bid round on 10 off-shore exploration blocks off Falcon state and in the Gulf of Venezuela.

THE MESSAGE

14. (U) At the end of the ceremony, President Chavez directed ChevronTexaco Vice President Ali Moshiri to take the message to the people and government of the U.S. that "although they do not understand us well, we are your friends." Continuing with his remarks Chavez said, "Because there are elections in November, if President Bush is re-elected, we hope that those who advise him will reflect, because we don't understand why a country like this, a strategic ally and partner, has been subjected to the pressure, and to much more than pressure, that we have received from Washington, putting the stability of the country in danger." If Kerry is elected, said Chavez, he looked forward to "starting ... frank, sincere, cooperative relations between the two governments...."

15. (U) Chavez contrasted how things might be, noting that, "if we can do this business...despite the terrible weight of the permanent problems in the relationship between the two governments) not because we want it, we have done nothing

to damage the relationship. The offenses...have come from

there, because I think they are not well informed about what it happening here." Chavez ended by saying that he offered his remarks "with respect but with frankness," and repeating a line he frequently uses, "we are the brothers of the people of Walt Whitman, Abraham Lincoln...."

OUTREACH TO BUSINESS

16. (U) The ceremony capped a round of weekly meetings between Chavez and the business sector that have been held in Maracaibo, Valencia, Caracas, and Puerto La Cruz. Although other sectors have been included, the energy sector has figured prominently in these events with figures such as Moshiri, Shell President Jaouin Moreno, and Venezuela Petroleum Association President Grisanti addressing President Chavez about the needs of the sector.

SOME COMPANIES TAKING A DIFFERENT TACK

17. (SBU) It was interesting to note that there were no representatives of ConocoPhillips, ChevronTexaco's partner in Block 2, at the ceremony. ChevronTexaco employees told econoff that ConocoPhillips had declined to participate in the ceremony, saying they wanted to keep a low profile. ExxonMobil (see septel) has also resisted GOV pressure to sign a project document for a major petrochemical investment in the same type of public ceremony.

COMMENT

18. (C) With this ceremony and the series of business sector fora, the GOV has deftly succeeded in using the energy sector particularly to create a sense of momentum in the economy in the run up to August 15. Despite the fact that large scale energy projects create little employment for the uneducated workers who are most likely to be Chavez supporters, these ceremonies create expectations and, Chavez hopes, votes. However, Chavez's message of friendship for the U.S. subsequently slipped when, in front of a gathering of the faithful, he once again returned to the theme of cutting off oil sales to the U.S. in the face of supposed U.S. aggression. Shapiro